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Viewing cable 08ASUNCION671, NEW AIR CARRIERS COMING TO PARAGUAY

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#08ASUNCION671**.

Reference ID	Created	Released	Classification	Origin
08ASUNCION671	2008-10-01 14:51	2011-08-30 01:44	CONFIDENTIAL	Embassy Asuncion

Appears in these articles:

<http://www.abc.com.py/nota/presidente-dudaba-de-inversores-de-fly>

VZCZCXYZ0016
OO RUEHWEB

DE RUEHAC #0671 2751451
ZNY CCCCC ZZH
O 011451Z OCT 08
FM AMEMBASSY ASUNCION
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7283
INFO RUCNMR/MERCOSUR COLLECTIVE PRIORITY
RUEHPE/AMEMBASSY LIMA PRIORITY 0457
RUEHSN/AMEMBASSY SAN SALVADOR PRIORITY 0060

C O N F I D E N T I A L ASUNCION 000671

SIPDIS

WHA/BSC MDASCHBACH, PASS TO USTR KDUCKWORTH, PASS TO
COMMERCE SCOOK

E.O. 12958: DECL: 09/29/2027
TAGS: [EAIR](#) [ECON](#) [EINV](#) [ETRD](#) [PA](#)
SUBJECT: NEW AIR CARRIERS COMING TO PARAGUAY

Classified By: DCM Michael J. Fitzpatrick; reasons 1.4 (b) and (d).

¶1. (U) The international carriers TACA and PLUNA will service Paraguay before the end of 2008. The Uruguayan-owned carrier

PLUNA (First Uruguayan Lines of Air Navigation) is expected to begin its service to Paraguay on October 29 with four weekly direct flights to Montevideo. PLUNA will also offer weekly flights from Ciudad del Este to Punta del Este, and will consider expanding its services with daily flights to Buenos Aires, Sao Paulo, and Santiago. The Salvadorian-owned carrier TACA (Central American Air Transportation) will begin service November 15 with three weekly direct flights to Lima, which will be the first direct flights in over 20 years from Asuncion to Lima. TACA will also offer three weekly non-direct flights to Lima via Montevideo. TACA's South American hub is in Lima with connections to the U.S., Ecuador, Colombia, Central America, and the Caribbean.

¶2. (C) A Paraguayan-owned local carrier, Aero Regional Paraguaya, is to offer direct flights to Brazil, Argentina and Uruguay in October 2008. The carrier will fly only one plane, with limited services to the capitals of those countries. Local entrepreneurs announced in April that Colombian-owned subsidiary of Avianca, Ocean Air, will service Paraguay. The carrier was registered but it still has no presence in the country, and there are no indications that it is actually planning to operate in Paraguay. Another locally owned carrier, Fly Paraguay, recently registered but it is not "officially" operating. (NOTE: Several private representatives have told Emboffs that Fly Paraguay is a Cuban-owned carrier. The former head of Air Cubana is said to be the investor behind the carrier. President Lugo told Ambassador September 19 that he was suspicious about the Fly Paraguay investors who approached him. END NOTE.)

¶3. (U) According to the latest figures from the National Civil Aeronautics Secretariat (DINAC), Paraguay's demand for international flights grew by 20 percent in 2007. The Brazilian-owned carriers GOL and TAM, along with the Bolivian-owned Aerosur and the Argentine-owned Aerolineas Argentinas (both now operating irregularly), are the only international carriers with regular daily service to Paraguay. Regular direct flights outside Sao Paulo, Buenos Aires, and Montevideo remain non-existent, and TAM cut one of its three Airbuses serving Paraguay August 1, further reducing flight frequency and routes, as well as laying off 200 employees. (NOTE: Flight availability was an issue before TAM's decision to downsize. To secure a seat during peak-season, reservations and confirmations for outbound flights 3 months in advance are the norm. END NOTE.)

¶4. (SBU) COMMENT: The arrival of TACA and PLUNA should increase Paraguay's connectivity but will not remedy its air traffic isolation. Paraguay remains the only country in MERCOSUR without direct international flights to the U.S. or Europe. There is a growing demand for air travel, but the law that guarantees a 6 percent commission for travel agents and ongoing security and infrastructure issues at Asuncion's Silvio Pettirossi airport make direct flights to the U.S. or Europe difficult at this time. President Lugo's new government has shown interest in modifying the travel agent commission law and improving conditions at Silvio Pettirossi, which would be the first steps to attract additional carriers. Until that happens, however, Paraguay remains--for all intents and purposes--hostage to TAM's near monopoly on daily air service. END COMMENT.

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